



UNIVERSITI PUTRA MALAYSIA

**THE EFFECT OF ORGANIZATIONAL LEARNING ON
ORGANIZATIONAL COMMITMENT, JOB SATISFACTION AND
WORK PERFORMANCE**

ONG GUA PAK.

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**THE EFFECT OF ORGANIZATIONAL LEARNING ON ORGANIZATIONAL
COMMITMENT, JOB SATISFACTION AND WORK PERFORMANCE**

By

ONG GUA PAK

**Thesis submitted to the Graduate School of Management,
Universiti Putra Malaysia, in fulfilment of the requirement
for the degree of doctor of philosophy**

November 2007



DEDICATION

This thesis is dedicated to:

**My Parents, Ong Han Hui and Tan Siyu Kong
My Spouse, Koh Lee Chin
My Children, Ong Li Li, Ong Zhi Jun and Ong Li Lian**

Abstract of thesis presented to the Senate of Universiti Putra Malaysia
in fulfilment of the requirement for the degree of Doctor of Philosophy

**THE EFFECT OF ORGANIZATIONAL LEARNING ON ORGANIZATIONAL
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By

Ong Gua Pak

November 2007

Chair : Professor Raduan Che Rose, PhD

Faculty : Graduate School of Management

Currently, it is widely believed that organizational learning is the best approach to improve organizational work outcomes such as employees work performance, job satisfaction, organizational commitment etc. Organizational learning is no longer exclusive to the private sector and it is increasingly emerging as an important strategy in the public service sector.

The purpose of this study is to examine the effect of organizational learning, organizational commitment and job satisfaction on work performance among the public service managers. In addition, this study seeks to determine the role of organizational commitment and job satisfaction as mediator on the relationship between organizational learning and public service managers' work performance.

The population of the study is around 4579 Administrative and Diplomatic (ADS) officers working in 28 ministries located in the Federal Territory of Kuala Lumpur and Putrajaya. The collection of primary data was through the distribution of personally administered questionnaires to the respondents who were chosen by systematic sampling procedure. A total of 435 (87%) answered questionnaires were returned and used in the final analysis.

Instruments used in this study are organizational learning (Gomez *et al.*, 2001), organizational commitment (Porter *et al.*, 1974), job satisfaction (Hackman and Oldham, 1975) and work performance (Suliman, 2001). Exploratory Data Analysis (EDA) was conducted on the data and the results met the basic assumptions of normality and linearity. Cronbach Alpha and Confirmatory Factor Analysis (CFA) were used to test the reliability and validity of the instruments respectively and they indicated acceptable results. The Pearson correlation, regression and path analysis were employed to obtain the answers for the research questions to achieve the objectives of the study.

The findings indicate that the level of organizational learning, organizational commitment, job satisfaction and work performance are rather high among the ADS officers. Organizational learning is positively related to organizational commitment, job satisfaction, and work performance among the public service managers. Organizational commitment and job satisfaction

are also positively related with work performance and these variables partially mediate the relationship between organizational learning and work performance. Organizational learning is equally important in explaining organizational commitment, job satisfaction and work performance. At the same time, organizational learning, job satisfaction and organizational commitment are also equally important in explaining work performance among the public service managers. In conclusion, this study contributes and enriches present knowledge in this field and it can be argued that western theories can be valid in non-western setting.

The implications of the findings of this study are that top management in ministries need to pay serious attention and effort to create a conducive environment that will encourage learning among the employees. This will improve work outcomes and consequently improve the government delivery system.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia
sebagai memenuhi keperluan untuk Ijazah Doktor Falsafah

**KESAN PEMBELAJARAN ORGANISASI TERHADAP KOMITMEN
ORGANISASI, KEPUASAN KERJA DAN PRESTASI KERJA**

Oleh

ONG GUA PAK

November 2007

Pengerusi : Profesor Raduan Che Rose, Ph.D

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Kini telah menjadi anggapan umum bahawa pembelajaran organisasi adalah merupakan kaedah terbaik bagi mempertingkatkan sesebuah organisasi termasuklah mempertingkatkan prestasi kerja, kepuasan kerja dan komitmen di kalangan pekerja bagi sesebuah organisasi. Pembelajaran organisasi semakin mendapat tempat di sektor awam.

Kajian ini bertujuan menilai kesan pembelajaran organisasi, komitmen organisasi dan kepuasan kerja ke atas prestasi kerja di kalangan pengurus-pengurus di sektor awam. Dalam masa yang sama, kajian ini juga bertujuan menentukan peranan variabel komitmen organisasi dan kepuasan kerja sebagai mediaturnya bagi hubungan antara pembelajaran organisasi dengan prestasi kerja.

Populasi kajian adalah terdiri daripada lebih kurang 4579 pegawai tadbir dan diplomatik yang berkerja di semua 28 buah kementerian. Sebanyak 500 soal selidik telah diedarkan kepada responden yang telah dipilih melalui kaedah persempelan sistematik. Sebanyak 435 (87%) soal selidik telah lengkap diisi dan dianalisis dalam kajian ini.

Soal selidik yang diguna pakai adalah kombinasi soal-soal selidik yang telah banyak kali diguna dan diuji sebelum ini. Soal selidik bagi pembelajaran organisasi adalah daripada Gomes *et al.*(2001), komitmen organisasi daripada Porter *et al.* (1974), kepuasan kerja daripada Hackman dan Oldham (1975) dan prestasi kerja daripada Suliman (2001). Analisis penerokaan data (EDA) telah dibuat dan hasilnya memenuhi asas andaian taburan normal dan hubungan linear. Cronbach Alfa dan analisis pengesahan faktor (CFA) telah dibuat bagi menentukan validiti dan relaibiliti soal selidik dan hasilnya adalah dalam lingkungan nilai yang boleh diterima. Korelasi Pearson, regresi, dan analisis laluan (*path analysis*) digunakan bagi mencari jawapan kepada soalan-soalan kajian dan mencapai objektif kajian.

Hasil kajian menunjukkan bahawa pembelajaran organisasi mempunyai hubungan positif dengan komitmen organisasi, kepuasan kerja dan prestasi kerja di kalangan pengurus-pengurus di sektor awam. Begitu juga komitmen organisasi dan kepuasan kerja mempunyai hubungan positif dengan prestasi

kerja. Dalam masa yang sama ke dua-dua variabel tersebut menjadi separa mediatu terhadap hubungan antara pembelajaran organisasi dengan prestasi kerja.

Organisasi pembelajaran didapati telah memberi kesan hanya hampir sama ke atas komitmen organisasi, kepuasan kerja dan prestasi kerja. Di samping itu, organisasi pembelajaran, komitmen organisasi dan kepuasan kerja juga memberi kesan yang hampir sama penting ke atas prestasi kerja. Boleh dikatakan, kajian ini sedikit sebanyak menyumbang dan memperkayakan pengetahuan dalam bidang ini. Di samping itu, ianya boleh dikatakan bahawa teori-teori daripada negara barat dalam bidang ini juga sesuai digunakan di negara sebelah timur.

Implikasi daripada kajian ini adalah pihak pengurusan atasan di kementerian-kementerian wajar memberi penekanan khusus bagi mewujudkan suasana pembelajaran organisasi yang kondusif dan seterusnya dapat meningkatkan komitmen, kepuasan dan prestasi kerja di kalangan pengurus-pengurus di sektor awam dan selanjutnya dapat memperbaiki sistem penyampaian kepada orang awam.

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I certify that an Examination Committee on 19 September 2007 to conduct the final examination of **Ong Gua Pak** on his **Doctor of Philosophy** thesis entitled **"The effect of organizational learning on organizational commitment, job satisfaction and work performance"** in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommends that candidate be awarded the relevant degree. Members of Examination Committee are as follows:

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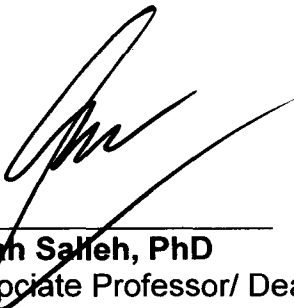
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DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations, which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or any other institutions.


ONG GUAPAK

Date: 4/12/07

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LIST OF ABBREVIATIONS

ADS	-Administrative and Diplomatic Service
AMOS	-Analysis of Moment Structures
CFA	-Confirmatory Factor Analysis
EDA	-Exploratory Data Analysis
GFI	-Goodness of Fit Index
HRM	-Human Resource Management
ISIS	-Institute of Strategic and International Studies
ISO	-International Standard Organization
IT	-Information Technology
LISREL	-Linear Structural Relation
MRS	-Malaysia Remunerative System
PSD	-Public Service Department
ROA	-Return on Asset
ROI	-Return on Investment
RMR	-Root Mean Square Residual
RMSEA	-Root Mean Square Error Approximation
SEM	-Structural Equation Modelling
SPSS	-Statistical Package for Social Science
TQM	-Total Quality Management

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

This chapter explains the background of the study, statement of the problem, research questions, objectives of the study, significance of the study, research framework, assumptions, delimitations, definitions used in the study, and organization of the thesis.

Nowadays, all organizations find themselves constantly facing the challenge of having to cope with the rapidly changing environment. Many organizations are very much influenced by turbulence associated with globalization, economic liberalization, rapid development and constant innovation in the information and communication technology, rapid changes in stakeholder's expectations etc. In this changing environment, organizations are constantly under pressure to find new ways and solutions, which will preserve future competitiveness. The difficulty of surviving within the existing economic system and the principles on which it operates is compounded by uncertainty about the future, and constant changes in values (Probst and Buchel, 1997).

How can organizations make sure that they will survive within this dynamic environment? Organisations acquire the necessary capacity for action in their various fields of operation. There is a growing need in organizations to move beyond the need to be sustainable in the competitive environment to

continuously improve in the face of changing conditions. The key factor for organizations to compete and sustain themselves is learning. Organizational learning is one of the most contemporaneous issue in the management area.

Many management gurus have enunciated and established facts and beliefs that the learning capability of an organization is the crucial and most effective index of ability to adapt to environmental changes for organizations. According to Garvin (1993), learning is seen as a long term investment. Marguardt (1996) writes that by learning faster, organizations can adapt quicker and achieve significant strategic advantages.

Realizing the importance of organizational learning, it has recently commanded a great deal of attention. As a result, the concept of organizational learning has achieved prominence amongst the ideas, which now influence management studies. Furthermore, organizational learning has been proposed as a fundamental strategic process and the only sustainable competitive advantage of the future (DeGeus, 1988). The ability to learn is thus of paramount importance. Organizations which do not successfully implement organizational changes and which fail to cultivate their potential to develop, may soon find themselves amongst the losers (Probst and Buchel, 1997).

The concept of organizational learning has already become part and parcel of every organization, whether in the private sector or public sector.

Nowadays the focus on organizational learning as Total Quality Management (TQM) (Bendell, Boulter, and Kelly, 1994) has become tremendously important in every part of the world. Organizational learning has been attributed to all kinds of management techniques and initiatives.

The implementation of the organizational learning process is a never ending journey; it is continuous and must always be moving forward. Whatever level of excellence is reached, there is always a higher level to strive for (Flood, 1993). Every organization must undertake and improve their implementation of the organizational learning program in order to get ahead and to stay ahead.

Attention to organizational learning is no longer exclusive to the private sector; it is also very important for the public service sector. In Malaysia, the Government realized that performance, efficiency and effectiveness in the public service sector can be improved through the implementation of organizational learning in line with the private sector. Organizational learning is a very important element for every organization to be competitive and to ensure its survival.

The Malaysian government's effort to improve the performance and efficiency in the public services sector began from a report submitted by *Esman Montgomery* in the 1970s. The Malaysian Government realizes that the performance and efficiency in the public service sector should be

improved in parallel with the goals of national development and as a vital approach to ensure that *Vision 2020* is achieved. In line with the government's vision and policy, the civil service must strive to improve and review ways of doing things.

On 1st November 2002, the government of Malaysia started to implement the Malaysia Remunerative System (MRS) which emphasized on knowledge as the key element to improve the performance and efficiency of the government agencies. All civil servants have to attend mandatory courses every year to enhance their competency and efficiency. The courses, to equip the civil servants with the right attitude, skills and knowledge, are also meant to inculcate the lifelong learning culture among government employees. Parallel with the direction and policy of the government of Malaysia as above, the need for the civil service to embark seriously on the implementation of organizational learning is accurate and timely.

To remain relevant, the public services sector must be in a learning mode. Public service sector managers must work to develop learning environments that would encourage and engage organizational members in the learning process. Only then can the public service sector be a considerable player in K-based economy (Sta Maria, 2002). In order for the public sector to achieve this, organizational members must be curious; willing to learn; wanting to explore; and wishing to build. But these qualities cannot happen in a vacuum. The organization itself must and should facilitate and encourage

continuous learning. In other words, to be actively involved in a K-based economy, the public service sector must see a transformation that is based on learning at all levels in the organization (Sta Maria, 2002).

In many ways, the public service sector is the most natural place for the introduction of organizational learning. Historically, bureaucratic administrative structures are likely to exist in the public service sector rather than in the commercial world where financial and competitive pressures mitigate against the growth of bureaucracy and assist employees in recalling quite clearly the purposes for the existence of the business and the importance of the organization's survival. Such clarity of purpose has not always been apparent and paramount in the public services sector (Bendell *et al.*, 1994).

In the public services sector, it has often been the case that the provision of the service to the public is different than that of a supplier to a customer but rather that of an *authority to a subject*. The public services sector may not be deliberately belligerent or malevolent, but nonetheless, public sector employees have often found themselves primarily as an *agent of the state* carrying out an official state purpose, rather than a service to the customers (Bendell *et al.*, 1994).

The public services sector is, after all, a monopoly with little concepts of realistic pricing of service against market alternatives and the punitive power